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RR RUEHRG  
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R 050952Z MAR 08  
FM AMCONSUL RIO DE JANEIRO  
TO RUEHC/SECSTATE WASHDC 4367  
INFO RUEHBR/AMEMBASSY BRASILIA 0726  
RUEHSO/AMCONSUL SAO PAULO 5136  
RUEHRG/AMCONSUL RECIFE 3414  
RHEHNSC/NSC WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS RIO DE JANEIRO 000044

SIPDIS

SIPDIS

SENSITIVE

STATE FOR WHA/BSC, WHA/EPSC, EB/ESC FOR SONATA COULTER  
STATE PASS OPIC FOR RICHARD GREENBURG  
STATE PASS EXIM FOR NATHALIE WEISS  
TREASURY FOR SSEGAL

E.O. 12958: N/A

TAGS: [ENRG](#) [ETTC](#) [EPET](#) [EINV](#) [PREL](#) [IR](#) [BR](#)

SUBJECT: PETROBRAS WINDING DOWN BUSINESS DEALINGS WITH IRAN

REFS: A) 2007 STATE 62183 B) 2007 BRASILIA 554 C) 2007 RIO DE JANEIRO 622

SENSITIVE BUT UNCLASSIFIED, PLEASE PROTECT ACCORDINGLY

11. (SBU) Summary. According to Petrobras, the company will complete all of its existing contractual requirements in Iran later this year. After completion of the Tusan contract, Petrobras does not expect to be further invested in oil and gas activities in Iran. End Summary.

12. (SBU) In 2004, Petrobras concluded a \$34 million four-year contract with Iran to explore the Tusan block, one of eight offshore tracts offered in early 2003 covering most of Iran's waters between the port of Bushehr and the Strait of Hormuz. This marked Petrobras' return to Iran; Petrobras had discovered more than 10 billion barrels of oil there before the 1979 Islamic revolution ended foreign E&P investment in Iran. Under the terms of the Tusan deal, Petrobras is committed to drill two wells and then return the field to Iran. If oil is found, then Petrobras will get its investment back plus a fee. According to Homero Ventur, Petrobras' General Manager for Asset Development (Note: Ventur has primary responsibility for Petrobras' activities in Eurasia), drilling of the first well is already complete and drilling of the second well is expected to finish by October. After the Tusan contract is fulfilled, Petrobras does not plan to pursue any further deals with Iran.

13. (SBU) Ventur confirmed that negotiations with Iran's Khazar Oil Exploration and Production Company for drilling rights in the Caspian Sea have stalled and that Petrobras is no longer actively pursuing the deal. He called Iranian press reports last year that the deal was ready for signature "over-exaggerated."

14. (SBU) Comment: Although we have previously heard Petrobras' complaints about the difficulty of doing business in Iran, Ventur's comments are the first definitive answer we have received regarding the status of the Caspian Sea deal with Iran. Ventur was very frank in discussing Petrobras' activities with Iran, and was keenly aware of U.S. political interest on the issue. End Comment.

15. (U) This message was cleared/coordinated with Embassy Brasilia.

MARTINEZ